

Audit Report Quality Review Sheet  
for Reports of All Types

Report No. \_\_\_\_\_ and Date \_\_\_\_\_  
Reviewer \_\_\_\_\_ Date Reviewed \_\_\_\_\_

Please follow this procedure:

1. **Complete all applicable questions. NO blanks.**
2. Review the referenced CAM guidance when completing the question.
3. Include a brief explanation at the end of the sheet for items with a “no” response.
4. Semiannual reporting periods end June 30 and Dec. 31. Compiled regional data is due to HQ, Attn: PAS on July 31 and Jan. 31.

1. Is the draft report cross-referenced to the working papers? yes no na  
("NA" is available for PLA use only.)

2. Does the report cover sheet contain the minimum cover sheet requirements? (CAM 10-205 and Figure 10-2-1) yes no

3. Does the “Subject” describe the assignment objectives? (CAM 10-210.1) yes no

OR

a. Audit of Parts of a Proposal

Does the “Subject of Audit” paragraph describe the cost elements the audit was limited to? (CAM 10-305.1) yes no

OR

b. Application of Agreed-Upon Procedures

Does the “Subject of Application of Agreed-Upon Procedures” paragraph describe the work performed and omit the paragraph regarding responsibility since an examination/review is not being performed? (CAM 10-1005) yes no

4. Does the “Subject” section refer to the specific submission or system being examined/reviewed/procedures applied? (CAM 10-210.1a) yes no

5. Does the “Scope of Audit” paragraph state the examination was conducted in accordance with generally accepted government auditing standards, and if the report is qualified, start the paragraph with “Except for”? (CAM 10-210.3) yes no

OR

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### a. Audit of Parts of a Proposal

Does the "Scope of Audit" paragraph state the limitations of our examination and that our examination was conducted in accordance with generally accepted government auditing standards using the suggested language in CAM 10-305.3?

yes no

### b. Application of Agreed-Upon Procedures

Does the "Application of Agreed-Upon Procedures" paragraph state that the evaluation was performed in accordance with generally accepted government auditing standards and also state, "The sufficiency of the procedures is solely the responsibility of the requestor. Consequently DCAA makes no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose."? (CAM 10-1007)

yes no

### c. Cost Realism Evaluations

Does the report clearly indicate that the proposed costs were evaluated for reasonableness and possible understatement? (CAM 10-1007)

yes no

### d. Reviews

Does the report state the procedures applied, the standards to which the claimed costs were compared, and that an examination was not performed? (CAM 10-506.2)

yes no

6. Does the "Scope of Audit" or "Scope of Review" paragraph identify the criteria (FAR, DFAR, CAS, contractor's policies) against which the contractor's submission was measured? (CAM 10-210.3)

yes no

OR

### Application of Agreed-Upon Procedures

Scope of Application of Agreed-Upon Procedures - Is the traditional paragraph language regarding the evaluation criteria omitted since neither an examination nor a review is being performed? (CAM 10-1007c.)

yes no

7. For an examination, does the last paragraph of the scope statement provide information on how the contractor's internal control systems affected the scope of audit? (CAM 10-210.3e)

**NOTE:** For system reports, either operations audits or internal control audits, the scope paragraph should list the control objectives associated with the system evaluated, NOT the status of the internal controls. (CAM 10-407)

yes no na

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8. For an examination, does the “Scope of Audit” paragraph discuss the impact of the current assessment of control risk on the audit scope? (CAM 10-210.3b) yes no na  
**NOTE:** “NA” is available only for system reports.

OR

- a. Reviews  
[Scope of Review] Does the paragraph state that because a review is substantially less in scope than an examination, an opinion is not being expressed? (CAM 10-210.3) yes no

OR

- b. Application of Agreed-Upon Procedures  
[Scope of Application of Agreed-Upon Procedures] Is the traditional paragraph language regarding the impact of the control risk assessment omitted since an examination is not being performed? (CAM 10-1007) yes no

9. Does the “Qualifications” paragraph summarize the adverse conditions having a significant impact on the conduct or audit scope and reference the detailed explanation of the impact on the audit results? (CAM 10-210.4) yes no na  
**NOTE:** For agreed-upon procedures evaluations, opinions will not be rendered, therefore the report may not be qualified. (CAM 10-1008)

10. For an examination, does the “Results of Audit” paragraph express or disclaim an audit opinion? (CAM 10-210.5) yes no  
**NOTE:** If the report includes an external qualification within the scope of audit, the audit opinion must be qualified. (CAM 10-210.4 and 10-407e)

OR

- a. Audit of Parts of a Proposal  
Does the paragraph begin with the expression of an opinion for the part(s) of the proposal examined, and does the paragraph disclaim an opinion on the proposal as a whole because the examination was limited to part(s) of the proposal? (CAM 10-305.4) yes no  
**NOTE:** Must include both elements for a “yes” response.

OR

- b. Application of Agreed-Upon Procedures  
Does the “Results of Application of Agreed-Upon Procedures” paragraph disclaim an opinion, i.e. the auditor does not express an opinion and does not provide negative assurance and does it include the statement that had we performed additional procedures, other

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matters might have come to our attention that would have been reported to you? (CAM 10-1009)

yes no

**NOTE:** Must include both elements for a “yes” response.

OR

c. Cost Realism Evaluations

Does the “Results of Application of Agreed-Upon Procedures” paragraph disclaim an opinion? (CAM 10-1009)

yes no

d. Reviews

Does the "Results of Review" paragraph omit the phrase "In our opinion" since an opinion is not being rendered and does it include a statement providing negative assurance? (CAM 10-210.5 and 10-506)

yes no

### 11. Estimating/Purchasing System Reports Continue, IF NOT SKIP TO Q 14.

Does the “Results of Audit” section suggest areas to be emphasized by government procurement and contract administration personnel evaluating and negotiating individual pricing proposals? (CAM 5-1204b)

yes no na

12. In an internal control systems examination where significant deficiencies are reported, does the report include statements of condition and recommendations to adequately explain deficiencies? (CAM 10-408.2b and 10-409)

yes no na

13. In an estimating system or purchasing system examination where significant deficiencies are reported, does the “Results of Audit” section recommend all or part of the contractor’s system be disapproved? (CAM 10-408.2e)

yes no na

### 14. Economy/Efficiency (Operations) Audits Continue, IF NOT, SKIP TO Q 16.

If the “Results of Audit” paragraph has recommended improvements, does the report include statements of conditions and recommendations, which follow the six element outline, to adequately explain the deficiencies and any recommended improvements? (CAM 10-409)

yes no na

15. Does the “Contractor Organization and Systems” section identify and provide the status of the contractor's corrective actions for recommendations made in the same area in prior audits? (CAM 10-410c and e)

yes no na

### 16. All assignments continue.

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For examinations, does the “Results of Audit” section address the audit objectives and provide explanation for the results and recommendation? (CAM 10-210.5)

yes no

### Application of Agreed-Upon Procedures/Cost Realism Evaluations

Does the “Results of Application of Agreed-Upon Procedures” address the procedures requested and provide an adequate explanation for the results and recommendations? (CAM 10-1009)

yes no

17. Do the “Results of Audit” explanatory notes meet the structure and content criteria contained in CAM 10-210.6?

yes no na

**NOTE:** If performing a Cost Realism evaluation and significant rates or costs are found to be underbid, it is appropriate to include an exhibit that depicts negative questioned rates or costs. (CAM 10-1009)

### **18. Incurred Costs Audits Reports Continue, IF NOT SKIP TO Q 23.**

Does the “Results of Audit” section contain all exhibits and supporting schedules required for a clear, complete presentation of the audit results? (CAM 10-504.5d)

yes no na

19. Does the "Results of Audit" section include a schedule showing the extent of government participation in the contractor's indirect expense allocation bases? (CAM 10-504.5d)

yes no na

20. Does the "Results of Audit" section include a listing of all auditable contracts and subcontracts for the fiscal year being examined and designate those to which advance agreements, special provisions or the penalty clause apply? (CAM 10-504.5d(7))

yes no na

21. If the penalty clause (CAM 6-609) applies, does the audit results paragraph report on the questioned indirect costs subject to the penalty? (CAM 10-504.5c)

yes no na

22. If the penalty clause (CAM 6-609) applies, does the report have a separate exhibit or schedule identifying questioned costs within pools by penalty class, amount, and percent of base? (CAM 10-504.5d(6) and Figures 10-5-1 and 10-5-2)

yes no na

### **23. Defective Pricing Reports Continue, IF NOT SKIP TO Q 30.**

Are significant certified offsets clearly identified through the use of explanatory notes or references to appropriate exhibits, schedules and appendixes? (CAM 10-606.5d)

yes no na

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24. In those instances where the contractor refused to provide offset certification for contracts entered into on or after February 15, 1987, does the report include both :
- a. A statement that we have not included the claimed offset(s) in our examination and accordingly we do not express an opinion on the claimed offset; and
  - b. Identify coordination with the contracting officer attempting to obtain offset certification? (CAM 10-606.5d)
- yes no na
25. Does the “Results of Audit” section refer to coordination with the PCO or PCO's representative during the course of the audit? (CAM 10-606.7)
- yes no na
26. Does the “Results of Audit” section refer to coordination with the contractor during the course of audit and include a summary of the contractor's response to the audit position? (CAM 10-606.7b)
- yes no na
27. Does the “Results of Audit” section include a statement that draft notes on the audit position were provided and discussed with the PCO/ACO and contractor? (CAM 10-606.7a)
- yes no na
28. Are recommended price adjustments adequately described, including structured notes that address the five points for establishing defective pricing? (CAM 14-123 and CAM 10-606.5c)
- yes no na
29. Does the “Results of Audit” paragraph state that the government sustained a loss in the form of interest on overpayments on price adjustments recommended on DoD contracts awarded after November 7, 1985 and non-DoD contracts awarded after January 22, 1991? (CAM 10-606.5 e and f)
- yes no na
- 30. Cost Accounting Standards Reports Continue, IF NOT SKIP TO Q 36.**
- Initial/Revised Adequacy and Compliance of Disclosure Statement Report
- [Results of Audit - Disclosure Statement Considered Inadequate]
- Does the “Results of Audit” section provide a description of each deficiency by disclosure statement item (Statement of Condition and Recommendation with contractor's comments) to permit a thorough understanding of the situation? (CAM 10-804.5c and 10-807.6b)
- yes no na
31. If the “Results of Audit” states that the Disclosure Statement is considered inadequate, does the section include a recommendation for corrective action? (CAM 10-804.5c and CAM 10-806.6b)
- yes no na
32. Does the “Results of Audit” section provide a sufficient identification and description of the noncompliance (Statement of Condition and

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Recommendation) to permit a thorough understanding of the situation including the specific CAS or FAR provision violated? (CAM 10-808.5d) yes no na

33. For audits with no instances of noncompliance, does the “Results of Audit” section state that the contractor complied, in all material respects with the requirements of Cost Accounting Standard(s) [*number(s) and titles of standard(s)*] during the period of the audit? (CAM 10-807.4) yes no na

34. [Statement of Changes] Does the “Statement of Changes” section present a description of the changes, and the effective date of the changes? (CAM 10-806.5) yes no na

35. If there is a potential for material cost impact, does the “Results of Audit” section recommend the contracting officer obtain a cost impact proposal? (CAM 10-806.6c) yes no na

### 36. All assignments continue.

Does the “Results of Audit” section provide details on the exit conference? (Was the exit conference date and the name and title of the contractor’s designated representative included and, if there were significant findings, a description of the contractor’s reaction?) (CAM 4-304 and 10-210.5) yes no

**NOTE:** If an exit conference was not conducted, a statement is required explaining the circumstances. (CAM 10-210.5d(1)(a) and 10-902f(8))

37. If appropriate, does the “Executive Summary” paragraph summarize the audit results and the significant issues? (CAM 10-210.2) yes no na

38. If required, does the “Contractor Organization and Systems” section provide information on the contractor’s organization and systems or refer to a prior report or other correspondence where information was provided? (CAM 10-210.7) yes no na

**NOTE:** CACS do not require a “Contractor Organization and Systems” section.

39. Does the signature page contain the appropriate points of contact and telephone numbers, including the PLA or FA contact, if applicable? (CAM 10-211, Figure 10-2-3, and CAM 15-308 (PLA requirements)) yes no

40. Are the appropriate restrictions on release of the (*audit*) report and any attachments (subcontracts, technical evaluation) included on the “[*Audit*] Report Distribution and Restrictions” page? (CAM 10-212 and Figure 10-2-4) yes no

### NOTES:

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- i. Audit reports that include results of proposal audits or otherwise form the basis of government forecasted negotiating positions are not provided to the contractor unless authorized by the contracting officer. These reports will contain Restriction 3 from CAM Figure 10-2-4 related to DCAA having no objection to the release of the audit report.
- ii. Reports of a privileged and sensitive nature or which make reference to suspected irregular conduct or referral for investigation will not be provided to the contractor.
- iii. All other reports (except those discussed in a. and b. above) will show the contractor as recipient of the report through the contracting officer. If DCMA is not performing a price analysis, the original report should be sent directly to the buying activity with a copy furnished to the local DCMA office. Final reports provided to the contractor through the contracting officer should omit the third paragraph shown in CAM Figure 10-2-4.
- iv. Restrictions 1, 2, and 4 in CAM Figure 10-2-4 are mandatory for inclusion in all audit reports.
- v. Restriction 4 is modified in agreed-upon procedures reports. (CAM 10-1011)

OR

### Application of Agreed Upon Procedures

Are the appropriate restrictions on release of the report included on this page? (CAM 10-212, Figure 10-2-4 and 10-1011)

yes no

**NOTE:** Audit reports that form the basis of a government negotiating position are not provided to the contractor unless authorized by the contracting officer. These reports will contain Restriction 3 from CAM Figure 10-2-4 and should be modified to eliminate any reference to audit.

41. Is the overall report professional in appearance? (i.e., free of spelling, grammar, and formatting errors which would distract or confuse the reader) (CAM 10-203)

yes no

**NOTE:** Agreed-Upon Procedures should exclude all references to "Examination or Review."

42. Is the report free of mathematical errors? (Do numbers foot and cross foot; can amounts be traced from the executive summary and/or results section to exhibits and explanatory notes, etc.)

yes no na



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43. Is every identified or required appendix, enclosure and attachment included in the report? yes no na

**44. Incurred Costs Audit Reports Continue, IF NOT SKIP TO Q 47.**

[Appendixes - Disagreement on Audit Determined Rates] Does the report include a DCAA Form 1 with detailed explanations to permit the contracting officer to obtain a thorough understanding of the issues involved, including an appendix incorporating the contractor's written response to our audit findings and recommendations? (CAM 6-905.1a(8), 6-905.2a(2), 10-504.5e(1) and 10-505.3) yes no na

45. [Appendixes - Agreement on Audit Determined Rates] Is a signed Indirect Cost Rate Agreement attached to the report? (CAM 6-708.2 and CAM 10-505.3) yes no na

46. [Appendixes] Is the Certificate of Final Indirect Cost attached to the report? (CAM 6-707.1 and CAM 10-505.3) yes no na

**47. All assignments continued.**

Based on your overall review of this report should the report have been issued? yes no

Total number of review ELEMENTS **applicable** to this report [b+c]: \_\_\_\_\_ (a)

Total number of ELEMENTS with a NO answer: \_\_\_\_\_ (b)

Total number of ELEMENTS with a YES answer: \_\_\_\_\_ (c)

Checklist Score (CS) [(c/a) x 100]: \_\_\_\_\_

If no, briefly describe the major deficiencies.

Provide a concise comment on each review item with a NO answer.

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